



# CURRENCY

## Committee on Financial Services

**Michael G. Oxley, Chairman**

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**Contact: Peggy Peterson at 226-0471**

### **Oversight Subcommittee to Examine Electronic Funds Program for Federal Payments**

The House Financial Services Oversight and Investigations Subcommittee, chaired by Rep. Sue W. Kelly (NY), will hold a hearing -- at 3 p.m. Wednesday, June 20 in room **2220** Rayburn House Office Building -- to examine progress made in shifting federal payments from paper checks to electronic fund transfers.

Legislation enacted by Congress five years ago requires all federal payments, except for tax refunds, as of January 1, 1999, to be made by an electronic fund transfer (EFT) - usually a direct deposit into a personal bank account. Payments include social security, veteran benefits and supplemental security income.

The initiative, known as EFT 99, was predicted to improve reliability and convenience for federal beneficiaries and reduce the risk of fraud and theft while saving the government approximately \$100 million per year in postage and processing costs.

To address concerns for those without traditional bank accounts -- the so-called "unbanked" -- Treasury established electronic transfer accounts (ETAs). Banks offering ETAs are prohibited from charging more than \$3 a month and must provide a minimum of four free withdrawals.

"The Electronic Funds Transfer Act and the Electronic Transfer Accounts it brought about for unbanked recipients of government benefits should be more efficient, safer, faster and more reliable for the beneficiary, save money for the government and bring new potential customers into banks. This can be a true win - win - win for everyone involved," said Rep. Kelly. "We must ensure that this law is being implemented properly to everyone's benefit."

To date, an estimated 600 financial institutions - with 14,000 locations - have signed up to offer ETAs; some 11,000 federal payment recipients have signed up to open ETAs.

"This initiative benefits taxpayers, consumers and the federal government. It reduces costs, increases efficiency and improves security for federal payments," said Committee Chairman Michael G. Oxley. "Using it to reach out to those who don't have ties to a financial services institution is an added benefit. An ETA can be the first step toward a lifetime of sound money management and saving."

Witnesses scheduled to testify are:

**Panel I**

- Donald V. Hammond, Fiscal Assistant Secretary, Treasury Department

**Panel II**

- Richard L. Carrion, Chairman of the Board, President and CEO, Banco Popular de Puerto Rico
- Margot Saunders, Managing Attorney, National Consumer Law Center

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